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Report Highlights:

Serious winter kill will result in lower rapeseed production, reduced exports and increased imports for crushing. Soybean meal imports of 1.5 MMT in 2002 reached their second consecutive record level; annual growth was 55 percent in 2001 and 7 percent in 2002. They are expected to remain high in 2003 but somewhat lower in 2004 due to swine inventory reductions. The majority of Poland's soybean meal imports are from the EU, but roughly 42 percent of these imports may originate from U.S. soybeans processed in the EU. Soybean oil imports increased in 2002 because of strong demand and reduced sunflower oil imports.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Warsaw [PL1], PL

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Executive Summary

Reduced winter rapeseed area combined with significant winter kill and forecast lower yields will result in a 16 percent crop reduction in MY 2003/04. Rapeseed crushing, for which reduced domestic supplies will be partly compensated by rapeseed imports, will be somewhat reduced to around 890,000 tons. Crushing capacity, which was reduced in MY 2001 due to financial problems of one of the largest companies, has been partially addressed and could lead to total rapeseed crushing of one million tons annually.

Oilseed imports will most likely reach 100,000 tons in MY 2003/04. Reduced domestic rapeseed production will eliminate rapeseed exports. Exports have already significantly declined in MY 02/03 due to greater demand from domestic crushers. To support domestic rapeseed prices, the Government of Poland (GOP) announced rapeseed export subsidies for 2002 crop exports. However, high tenders and high local crushing industry prices limited subsidized exports. Poland subsidized exports of only 6,000 tons in CY 2001 (27,000 tons of rapeseed in CY 2000), much lower than the 341,500 tons per year allowable under its WTO commitments.

Rising poultry production and large swine inventories stimulated demand for compound feeds and protein meals in CY 2002. Soybean meal imports reached their second consecutive record year to 1.5 MMT in 2002, up 7% from CY 2001. Such imports are expected at a similar but slightly lower level in CY 2003, because poultry sector growth will slow slightly and swine inventories will decline due to low prices. Soybean meal imports should total 1.4 MMT in MY 2003/04. Soybean meal imports rose over 55 percent in 2001 primarily due to use of soy meal as a substitute for imported meat and bone meal which was restricted entry due to BSE concerns. The value of U.S. soybean exports to the EU used to make EU soybean meal entering Poland in 2002 is estimated by FAS Warsaw at approximately \$137 million.

A small increase is expected in consumption of vegetable oils in Poland. Consumption was 18.7 kg per capita in 2002, close to average EU consumption levels. Reduced domestic rapeseed oil production combined with low soybean oil world prices allowed for significantly increased soy oil imports and use, now close to 140,000 tons per year.

Total Oilseeds

Soybeans PS&D Table

PSD Table						
Country	Poland					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	15	14	15	10	0	12
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	15	14	15	10	0	12
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	13	12	13	10	0	11
Feed,Seed,Waste Dm.Cn.	2	2	2	0	0	1
TOTAL Dom. Consumption	15	14	15	10	0	12
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	15	14	15	10	0	12
Calendar Year Imports	15	14	15	10	0	12
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed PS&D Table

PSD Table						
Country	Poland					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	460	447	450	449	0	481
Area Harvested	443	443	428	436	0	400
Beginning Stocks	23	44	0	0	10	10
Production	1064	1064	1000	995	0	840
MY Imports	2	3	50	30	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	2	1	30	10	0	40
TOTAL SUPPLY	1089	1111	1050	1025	10	950
MY Exports	292	292	200	40	0	0
MY Exp. to the EC	100	100	100	15	0	0
Crush Dom. Consumption	763	770	780	915	0	890
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	34	49	60	60	0	50
TOTAL Dom. Consumption	797	819	840	975	0	940
Ending Stocks	0	0	10	10	0	10
TOTAL DISTRIBUTION	1089	1111	1050	1025	0	950
Calendar Year Imports	20	7	30	30	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	200	36	200	20	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Total oilseed production (almost exclusively rapeseed) is forecast to decline approximately 15 percent in 2003 due to smaller acreage and reduced yields. The forecast reduced production will be about 100,000 lower than needed for domestic crushing.

Poor autumn weather and severe early winter conditions significantly reduced winter rapeseed planted area. Despite higher than usual anticipated spring rapeseed planting, the overall harvested area is expected to decline by about 8 percent. Despite increased prices, farmers planted less winter rapeseed last autumn because of poor

weather conditions during the sowing period. As officially reported, only 401,000 hectares of winter rapeseed were planted last fall which was 4 percent less than what was planted the year before or 0.7% more than winter rapeseed area harvested last year. However, the official winter planting estimates are usually significantly corrected later in the season, for example in December 2001, winter rapeseed acreage was estimated at 8% reduced level. Finally, at the end of the growing season in June the winter rapeseed acreage was significantly revised up to the level even slightly larger than the previous year. The government's Main Statistical Office (GUS) crop evaluation at the beginning of winter was 3.4 points (1-5 scale), which was 0.1 lower than a year ago. Last fall the best crop conditions were reported to be in southwestern Poland, Dolnoslaskie wojewodship (3.7 points).

As reported by GUS, severe cold weather and small snow cover in December created a situation where winter killing was very likely. Low temperatures and occasional insufficient snow cover in January and February created additional winter killing possibilities. According to reports from farmers in Dolnoslaskie wojewodship almost half of the planted rapeseed was destroyed this winter, that report however was not confirmed by local authorities. Winter losses are also reported from other provinces, however, no official estimates were available as a significant part of the country still has frozen ground. Some industry sources indicate that losses are more than 20 percent, but there are also opinions that the losses are not more than 10 percent. We consider information suggesting low losses to be rather speculative. Taking into account factors above, FAS Warsaw estimates 20 percent losses for the current crop. It is probable that part of the losses will be offset by increased spring sowing, estimated at 80,000 hectares, double the planted area of 2002. As a result, total rapeseed area for the 2003 harvest is estimated at 400,000 hectares or 8 percent less than the 2002 harvest area.

Poor winter rapeseed conditions, large winter losses and a larger share of less productive spring rapeseed should result in somewhat reduced 2003 rapeseed yields. As a result of reduced acreage and smaller yields, the 2003 crop is forecast at 840,000 tons, 16 percent below 2002 output.

Average Producer Prices for Rapeseed and Wheat, zlotys per metric ton.

	Jan.-Dec.1998	Jan.-Dec.1999	Jan-Dec.2000	Jan-Dec.2001	July-Sep.2002
Rapeseed	896	643	806	822	857
Wheat	468	430	508	504	430
Rapeseed/Wheat Ratio	1.91	1.50	1.59	1.63	1.99

Note: Wheat prices for 1999 through 2002 do not include direct Government of Poland (GOP) wheat price support payments. If included, this would make the price relationship less favorable for rapeseed. The approximate exchange rate for July - September 2002 was USD1 = zlotys 4.0. Although rapeseed prices increased significantly in 2002, up 4.3 percent from 2001 and 33 percent compared to 1999, they were still below prices reported in 1998. These prices did not encourage farmers to switch production from wheat to rapeseed due to unfavorable weather conditions which did not allow for timely sowing. It seems that rapeseed production is still not attractive when compared to the current system of support for wheat producers.

In 2002, the rapeseed crop declined 6 percent as a result of slightly reduced acreage and less favorable weather during the growing season. This resulted in reduced rapeseed yields, 2.28 ton/hectare in 2002 compared to 2.40 in 2001.

Consumption

The bankruptcy and subsequent closing of two rapeseed crushing plants was a major reason for the reduced crushing capacity in MY 2001. Total oilseed crushing increased significantly in 2002, up to over 900,000 tons or 19 percent compared to MY 2001. The closed facilities are operational since they were rented which resulted in increased processing. Additionally, the industry's financial status improved in 2002 partly the result of increased demand for vegetable fats. Although total crushing capacity could be expanded to over one million tons among existing facilities, MY 2003 crushing will likely be somewhat reduced due to lower local rapeseed production. Part of the reduction in crushing local rapeseed will be compensated by increased imports, however, high tariffs on imported rapeseed will not allow for full compensation.

The two major crushing plants in Poland are an ADM facility in Szamotuly with crushing capacity of around 300,000 tons annually and a facility with similar crushing capacity owned by French concern Cereol. Schooner Capital Corporation's financial problems resulted in temporary closure of their plants in Brzeg and Bodaczow which eliminated over 300,000 tons of crushing capacity. However, part of the Brzeg crushing capacity was leased by other companies for crushing activities. It is unknown when or if these crushing facilities will become fully operational. A crushing plant with smaller capacity (government owned) is in Warsaw. There are also some small companies around the country.

For many years, soybeans have not been crushed in Poland. Only one plant, in Kruszwica, has some previous experience in crushing soybeans. However, Poland's current small amount of soybean imports are mainly for the food industry rather than for crushing.

The Polish vegetable oil industry focuses primarily on vegetable oil production due to the country's vegetable oil deficit. Since soybean crushing yields less oil than rapeseed, soybeans are less attractive to the industry. However, assuming large demand for soybean meal and soybean oil in Poland, the potential exists for some investments in soybean crushing. In recent years small amounts of imported sunflower seeds have also been crushed in Poland by small crushing companies.

Around 10,000 tons of soybeans are used annually in the food industry and only a small amount is utilized as a direct feed component. During the last few years, feed use has been almost eliminated while use for baking in the food industry has increased.

Trade

The expected 16 percent decline in rapeseed production will eliminate rapeseed exports in MY 2003/04. At the same time, Poland may import an estimated 100,000 tons of rapeseed, mainly from countries which have preferential tariffs (EU and Central European Free Trade Association).

Exports of the 2002 crop at the beginning of the season suggested a large supply supported by the fact that

trading companies decided to sell domestically as local crushing companies increased prices. Originally, rapeseed in large amounts in port storage had been purchased back by local crushing companies. Total MY 2002/03 rapeseed exports are estimated at 40,000 tons, significantly reduced from 292,000 tons in MY 2001/02. None of 2002 exports received subsidies. Although, early in the MY 2002/03 season the Agricultural Market Agency announced a tender for rapeseed exports, later the tender was canceled because conditions were not attractive for exporters. Historically, rapeseed annual exports exceeded 500,000 tons, primarily to Mexico and China during the 80's under the Communist era state farm system.

Note: Figures in the Trade Matrix tables are for calendar years (CY). CY 2001 is based on data from the Global Trade Atlas -WTA and 2002 trade data are only for January-October are from the same source.

Rapeseed Export Table

Export Trade Matrix			
Country	Poland		
Commodity	Oilseed, Rapeseed		
Time period	Jan-Dec	Units:	metric tons
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
China	90,997	Brazil	22,329
Switzerland	50,000	Austria	5,544
Mexico	47,265	Germany	3,493
United Kingdom	37,771	Belgium	2,299
Germany	26,060	Netherlands	1,100
Belgium	18,060	Japan	53
Denmark	11,891	Russia	30
Austria	9,000		
Netherlands	1,100		
Russia	228		
Total for Others	292372		34848
Others not Listed	109		
Grand Total	292481		34848

Stocks

It is expected that stocks after current MY will remain very small due to relatively small rapeseed supplies.

Policy

-Production Policy Changes:

The president of Poland vetoed a controversial bio-fuel bill on January 17, 2003. The bill had been approved by the Polish parliament on December 19, 2002. The bill had been under debate since the Presidential veto which was upheld March 28, 2003 in the Polish Parliament. Poland's new Minister of Agriculture will introduce to Parliament a revised proposed bill on behalf of the government. The new bill will eliminate rigid requirements for very high biofuel content and the original bill's requirement that only domestic agricultural raw materials, largely rapeseed, be used for biofuel production in Poland. The "domestic only" provision had appeared to violate WTO Article III regarding national treatment. The production impact on rapeseed production of the possible revised bill was not available at the time of this report but that of the original bill is noted in the second to last paragraph below of this section.

The following text contains details provided in GAIN PL2040, 12/24/02, "Poland's Bio-Fuel Legislation Could Double Rapeseed Area":

The bill would have required that fuel consist of a minimum 4.5 percent of biocomponents. Article 14 of the bill contained provisions that biofuel must be produced from alcohols and esters only produced in Poland from Polish agricultural raw materials. This article required that such arrangements must consist of long-term (minimum 5 year) contracts between farmers and processors. Sources indicated that the local use requirement was inconsistent with EU policy so it would likely have to be changed upon Poland's probable EU accession in May 2004. This provision that required only use of Polish agricultural raw materials also appeared inconsistent with WTO Article III regarding national treatment.

The value to the total bio-fuel market is estimated at around 4 billion zlotys (just over the equivalent of US\$ 1 billion). In 1996-98 annual bio-ethanol production in Poland was around 100 million liters, while annual gasoline consumption was 7 billion liters, which means that the average use of bio-ethanol was 1.5%. Estimated use for 2002 is 1.4% in gasoline. According to sources, in recent years 17-37% of gasoline contained 4.5% percent bio-ethanol. The Polish media reports that Poland is the top user of bio-fuel in Europe compared to an average EU 0.25% use in 2001. It also notes that in France, Sweden and Italy the share is not higher than 1 percent. The Polish media also reported that according to the new EU bio-fuel directive, EU use in 2006 would reach 2%, and there would be no obligatory production as is required under the Polish bill.

To fulfill the 4.5% - 5% share, it would be necessary to produce 350-400 million liters (current production is 50 million) of bio-ethanol. Such a production increase would be possible within two to three years because of the current excess processing capacities of Polish alcohol distilleries. Of 600 total distilleries, only 300 are processing due to the current small demand for ethanol according to the Ministry of Agriculture.

According to authors of the original bio-fuel legislation, in 2005 rapeseed area would reach 700,000 hectares. However, Polish rapeseed area could increase up to 1.0 million hectares produced on 13 percent of the best soil in Poland according to a local crop production expert. This is a 133 percent increase over current rapeseed area of 430,000 hectares. The highest rapeseed area estimate is reported in the press from Poland's National Energy Saving Agency which estimates that rapeseed production area for biofuel purposes could reach as high as 1.5 million hectares.

Rapeseed crops are commonly rotated in Poland with wheat and sugar beets. No estimates on the possible impact on wheat and sugar beets, due to the potential increase in bio-fuel rapeseed area, have been reported by

the Polish government, academic institutions or media.

-Rapeseed Export Subsidies:

To support domestic farmers and prices, since 2000, the GOP introduced export subsidies for rapeseed. Although the program was approved for the 2002 crop year and an export tender was announced, there was no practical support and the export tender was canceled due to too strict program conditions and a relatively stable market. In MY 2001/02 the relatively high price which exporters were supposed to pay farmers for rapeseed to be eligible for subsidies resulted in only 6,000 tons exported under the program. In MY 2000/01 subsidized rapeseed exports were 27,000 tons. Poland has a WTO export subsidy ceiling for rapeseed (HS code 1205) of 341,500 tons/year. Expenditures can not exceed \$12.9 million under its WTO commitments.

-EU Accession May Result in Increased Rapeseed Production:

Poland will likely join the EU on May 1, 2004. Final results of negotiations on EU accession resulted in less favorable terms than originally requested by Poland. The basic area for major supported crops (grains, oilseeds, flaxseed and pulses) was set at 9.454 million hectares as a total for all crops at an average level for the years 1994/95 - 1998/99 while average reference yield was set at 3.0 tons per hectare to establish equal support per hectare for each crop. The equivalent of 25%, 30% and 35% of the support provided to current EU members will be allocated in 2004, 2005 and 2006 (100% by 2013) to all farmers in Poland based on their arable land. Supplemental support will bring the totals to 55, 60 and 65% compared to the level of direct payments to current EU farmers. However, the supplemental payments are production related for certain crops rather than on a per hectare farm land basis. For rapeseed, supplemental amounts will be based on rapeseed area. These supplemental funds will be derived from EU structural readjustment program money and the Polish Government's budget.

Both in Poland and in EU regarding the oilseed market, there are neither intervention prices for rapeseed nor support for rapeseed processing, in this case support policies are similar. Prices are determined in the EU and Poland by market forces and are usually higher in the EU than in Poland. It is expected that opening the market will result in increased rapeseed prices in Poland while at the same time wheat prices will decline. New biofuel legislation could also bolster rapeseed demand and prices. Such a situation will undoubtedly stimulate rapeseed production, most likely at the expense of wheat. By joining the EU, rapeseed producers will get additional support in the form of direct payments based on crop area which will improve rapeseed competition when compared with wheat and rye in Poland. So far food wheat and food rye if sold to the industry, receive direct price support which after accession will be eliminated and replaced with support based on crop area, same for grain as for rapeseed. Some currently existing indirect farmer and buyer supports, the same for rapeseed as for grain and sugar beets, will be eliminated after EU accession. These include support for farm input credits, support for new variety breeding, support for industry procuring rapeseed. However, other sizable EU general agriculture and rural development funds are becoming available. For example, in July 2002, the EU declared Poland eligible to utilize previously withheld SAPARD 2000 and 2001 funds totaling 347 million Euros to be administered by the Ministry of Agriculture's Agency for Restructuring and Modernization. These funds can be used for processing and marketing agricultural products, investing in farms, and developing and improving rural infrastructure.

Some analysts suggest that the future support of crop area and increased rapeseed prices will stimulate rapeseed production. According to the Institute of Agricultural Economics (IAE) of Poland, income for rapeseed

producers will be significantly increased. Direct payments of 55% of the EU level will double net rapeseed producers' income per hectare when compared to the current situation while wheat producers will have significantly reduced income. EU accession will result in significantly increased rapeseed acreage, yields and production. According to IAE estimates, rapeseed production will expand to 1.2 - 1.4 million tons as a result of increased acreage up to 500,000 - 600,000 hectares and yields up to 2.3 - 2.4 tons per hectare.

Polish rapeseed producer losses of the possibility of subsidized exports upon accession will have little impact since this has been rarely used for small quantities. However, Polish farmers will gain access to the EU vegetable oil market which is currently covered less than 50% by locally grown crops. Also, Poland's entering an expanded internal EU market and adoption of the EU external duty rate of zero on oilseeds will eliminate the current high rate which is intended to protect local farmers

-Polish Biotechnology Policy Increasingly Mirroring that of the EU:

At the end of 2000, the Minister of Environment approved (decision no. 14/2000, dated Nov.17, 2000) registration of "Round-Up Ready" soybeans for use in Poland. This is the first genetically modified organism (GMO) variety approved for use in Poland. The approval allows the import, distribution and processing for feed and food of this variety, except for planting. Although Poland does not import significant quantities of soybeans, the approval allows the feed industry to more easily comply with current regulations. The approval clearly states that food products or food ingredients from such soybeans require separate permits from the Ministry of Environment, based on an evaluation by Poland's Chief Health Inspector.

Poland implemented its first ever law concerning biotechnology entitled "Genetically Modified Organisms" which went into effect October 25, 2001 as published in Dziennik Ustaw 76 on June 22, 2001. With the new food safety and "GMO" laws, the Polish government is essentially adopting biotechnology policies which reflect those of the EU per FAS Warsaw's cable Warsaw 05503, Dec. 21, 2001. There is also consideration of labeling and traceability amendments to this law pending EU legislative developments.

-Rapeseed Import Duties:

The basic tariff on rapeseed in 2003 is 27 percent. However there is a 29,235 ton quota for WTO members and an additional 32,000 ton quota for EU members; both in-quota tariffs are 15 percent in CY 2003. Reduced tariffs, down to 15 percent, also apply to imports from the Czech and Slovak Republics, while the rate is zero if rapeseed is imported from Hungary, Romania, Lithuania and Latvia. Upon probable EU accession in May 2003, Poland should adopt all EU external duty rates which for oilseeds equal zero.

-Soybean Import Duties and Ragweed

Polish tariffs on imported soybeans are relatively low compared to tariffs on rapeseed, refined vegetable oils and margarine. Although this should encourage soybean imports, little experience in crushing soybeans and the industry's preference for crushing high oil content seeds to maximize production of vegetable oils inhibit soybean crushing.

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of U.S. soybeans. Poland is currently seeking addition of ragweed (*Ambrosia* spp.) to the European Plant Protection Organization quarantine list. Concurrently, Poland is requesting that the EU allow them to continue

their zero tolerance ragweed policy after accession. The EU decision is expected in the Spring or Summer of 2003. The EU may reject this request since ragweed is already present in many locations throughout Europe. If Poland's Plant Quarantine Service's efforts fail, elimination of this trade barrier could lead to greater direct imports of U.S. soybean meal. Smaller quantities of soybeans may also enter if Poland develops crushing facilities.

Following is a list of basic tariffs for oilseeds effective since January 2003:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
1201.00	Soybeans 1/, 2/	2.5	0	1.7	0
1202.10	Peanuts in shell 1/,2/	0	0	0	0
1202.20	shelled peanuts 1/,2/	0	0	0	0
1204.00	Linseed 1/,2/	15	0	10.5	0
1205.00	Rapeseed 2/, 3/, 4/	27	27	18.9	0
1206.00	Sunflower seeds, 2/, 5/	9	0	6.3	0
1207	Other oilseeds 1/,2/	0-15	0	0-10.5	0
1208	Groat&flour fm oil seed other than mustard				
1208.10	fm soybeans 1/, 2/	9	0	6.3	0
1208.90	fm other 1/, 2/	9	0	0	0

1/ Under the Central European Free Trade Agreement (CEFTA) all categories have a zero tariff if imported from CEFTA;

2/ Based on bilateral agreements with Lithuania and Latvia, imports of these categories' tariffs are zero;

3/ There is a 32,000 ton tariff quota at 15% for rapeseed imported from the EU;

4/ Rapeseed imported from the Czech and Slovak republics face a 15 percent tariff while rapeseed imported from Hungary and Romania can enter duty free;

5/ Sunflower seeds imported from the Czech and Slovak Republics, Hungary has zero tariff and imported from Bulgaria have 4.5% tariff.

Total Oil Meals

Soybean Meal PS&D Table

PSD Table						
Country	Poland					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	213	251	150	211	100	161
Production	0	0	0	0	0	0
MY Imports	1300	1460	1550	1500	0	1350
MY Imp. from U.S.	10	2	10	10	0	10
MY Imp. from the EC	1000	1200	1000	1300	0	1100
TOTAL SUPPLY	1513	1711	1700	1711	100	1511
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1363	1500	1600	1550	0	1300
TOTAL Dom. Consumption	1363	1500	1600	1550	0	1300
Ending Stocks	150	211	100	161	0	211
TOTAL DISTRIBUTION	1513	1711	1700	1711	0	1511
Calendar Year Imports	1100	1460	0	1500	0	1350
Calendar Yr Imp. U.S.	10	0	0	10	0	10
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed Meal PS&D Table

PSD Table						
Country	Poland					
Commodity	Meal, Rapeseed				(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Crush	763	770	780	915	0	890
Extr. Rate, 999.9999	0.59633	0.58961	0.596154	0.590164	ERR	0.589888
Beginning Stocks	45	33	10	10	20	30
Production	455	454	465	540	0	525
MY Imports	15	10	5	10	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	515	497	480	560	20	555
MY Exports	190	230	170	240	0	250
MY Exp. to the EC	190	230	170	240	0	250
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	315	257	290	290	0	285
TOTAL Dom. Consumption	315	257	290	290	0	285
Ending Stocks	10	10	20	30	0	20
TOTAL DISTRIBUTION	515	497	480	560	0	555
Calendar Year Imports	0	10	0	10	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	202	0	260	0	250
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Smaller rapeseed crushing will result in reduced (down 3 percent) meal production in MY 2003/04. Oil meal production is almost exclusively rapeseed. However, in the forecast year we project significant rapeseed imports of 100,000 tons to be crushed in Poland due to the shortfall in domestic production. Among all oilseed imports, rapeseed dominants.

MY 2002/03 meal production increased 19 percent, up to 540,000 tons, due to increased rapeseed crushing capacity and the crushing industry can afford to use less expansive domestically produced vegetable oil. Poland produces almost exclusively rape meal at local crushing facilities which are oriented toward only locally produced oilseeds. Out of 20,000 tons of sunflower seeds imported in CY 2001, it is estimated that half was used for crushing by small companies. It is estimated that sunflower imports and crushing was somewhat increased in CY 2002 to 22,000.

Consumption

Total protein meal consumption is forecast to decline 11 percent in MY 2003/04, down to 1.59 million tons compared to the estimated current MY level. Forecast year demand for protein meals should slow down significantly due to reduced demand for feeds. While poultry production increased last year by 13 percent, its growth is expected to slow to around two percent in 2003 and remain at about the same level in 2004. A significant decline, around 10 percent, is forecast for MY 2003/04 pork production which is attributed to a downswing in the swine cycle as well to a very low current swine prices and pork production profitability.

Protein meal consumption, particularly soybean meal consumption, increased significantly in Poland since MY 2000 due to BSE and FMD crises in Europe which resulted in emergency restrictions on meat and bone meal imports. Annual soybean meal use in Poland was below one million tons, but increased to about 1.5 million in MY 2001 and is estimated at an even slightly higher level in current MY 2002. Poland has experienced its first 5 confirmed BSE cases since May 2002, but this has not significantly impacted feed demand.

Historically, Poland imported annually around 300,000 tons of MBM almost exclusively from EU countries. In December 2000, Poland banned the use of imported MBM meals which resulted in increased vegetable protein meals. Last year, further increases in soybean meal imports were stimulated by low world prices, strong local poultry production increases and very large pork inventories. Locally produced rapeseed meal use is small due to its limited use in only certain types of livestock feed.

Total commercial feed production in CY 2002 remained at a high level of 4.58 million MT, down slightly from the CY 2001 level of 4.63 million MT. Although production of compound feed slightly declined, down an estimated 2 percent, concentrated feed production increased by 9 percent. Concentrated protein feeds are used in hog production and due to a large demand in CY 2002, production increased to 500,000 tons. The feed industry is currently benefitting from low raw material prices because of grain surpluses and relatively large demand due to high livestock inventories. Demand, however, is forecast to decline during the second half of CY 2003 and beginning of 2004.

Trade

The demand for commercial feeds is expected to modestly decline, yet forecast vegetable protein meal imports in MY 2003 will remain strong with soybean meal imports dropping only slightly, down to 1.35 million tons.

Until 2000, Poland annually imported around 300,000 tons of meat and bone meal (MBM). The ban on use of imported MBM resulted in significantly increased imports and use of vegetable protein meals in CY 2001. The upward trend continued in CY 2002 due to large domestic demand, relatively low world market prices on soybean meal and a strong local currency. Preliminary data indicates that CY 2002 soybean meal imports increased by 7 percent, up to almost 1.5 million tons, while the CY 2001 increase was 54 percent.

Assuming current development and historic demand the potential market for U.S. soybeans is approximately 300,000 MT or \$57.0 million (@\$190/mt). The United States potentially loses almost 100%, or \$57.0 million due to less costly imports from the EU and SPS issues (zero-tolerance for weed seeds which impacts lower protein soybean meal imports). Nevertheless, some high protein U.S. meal milled in the EU from U.S. soybeans currently enters Poland as EU product (see "Marketing" section below).

Besides large soybean meal imports, CY 2002 imports of sunflower seed meal remained also significant, 97,000 tons, while 117,000 tons in CY 2001 were imported. Sunflower meal is almost exclusively imported from Ukraine with a small amount from the Slovak Republic. Geographically close sources of sunflower meal made it price competitive with soybean meal resulting in it accounting for almost 8 percent of all protein meals.

Substantial amounts of rapeseed meal are exported each year. However, in MY 2002/03, rapeseed meal exports are expected to decline slightly because of increased domestic use. Preliminary 2002 export data indicate these imports to be 200,000 tons, over 10 percent less than the year before. Rapeseed meal exports are shipped almost exclusively to EU countries.

Note: Figures in the Trade Matrix tables are for calendar years (CY). CY 2001 is based on data from the Global Trade Atlas -WTA and 2002 trade data are only for January-October are from the same source.

Soybean Meal Import Table

Import Trade Matrix			
Country	Poland		
Commodity	Meal, Soybean		
Time period	Jan.-Dec.	Units:	metric tons
Imports for:	2001		2002
U.S.	1,726	U.S.	71
Others		Others	
Netherlands	526,569	Netherlands	392,512
Germany	446,225	Germany	345,000
Belgium	230,518	Belgium	303,335
Argentina	79,719	Argentina	71,898
Brazil	75,446	Brazil	58,183
Canada	3,191	Antigua	3,000
Denmark	1,947	France	2,906
		Denmark	1,401
Total for Others	1363615		1178235
Others not Listed	259		1,062
Grand Total	1365600		1179368

Rapeseed Meal Export Table

Export Trade Matrix			
Country	Poland		
Commodity	Meal, Rapeseed		
Time period	Jan.-Dec.	Units:	metric tons
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Denmark	118,717	EU	202200
Germany	76,823		
United Kingdom	22,775		
Ireland	3,780		
Sweden	2,215		
France	1,882		
Czech Republic	257		
Total for Others	226449		202200
Others not Listed	1		
Grand Total	226450		202200

Policy**-Genetically Modified Product Legislation**

Poland implemented its first ever law concerning biotechnology entitled "Genetically Modified Organisms" which went into effect October 25, 2001 as published in Dziennik Ustaw 76 on June 22, 2001. In conjunction with the above mentioned food safety law and the "GMO" law, the Polish government is essentially adopting biotechnology policies which reflect those of the EU per FAS Warsaw's cable Warsaw 05503, Dec. 21, 2001. There is also consideration of a labeling and traceability amendment to this new law. Polish authorities have informed FAS Warsaw that Poland will likely adopt biotechnology legislation which is comparable to that of the EU.

During summer 2002, the Ministry of Environment approved applications for new import permits from individual importers upon recommendation from Poland's GMO legislation created GMO Commission. Permits issued for soybean meal and corn, according to the Ministry of Environment, are valid for 10 years.

-Oilseed Meal Import Duties:

In accordance with its WTO commitments, Poland's final tariff reduction on protein meals for WTO members was made in January 2000. The rate on soybean meal imports is five percent although this rate is often set by the Government of Poland at between zero and five percent each year. Starting from Jan. 10, 2003, Poland suspended tariffs on soybean and sunflower seed meals from all sources until the end of CY 2003.

With the signing of a 2000 trade liberalization agreement with the EU, all protein meals imported from the EU since January 2001 enter Poland duty free although the EU had already enjoyed duty-free soybean meal access for several years prior to the agreement. No tariffs apply to soybean meal, peanut meal, sunflower meal, cotton meal and some other less important meals from countries listed as "Developing" or "Least Developed"; Argentina and Brazil are not included in these categories. Also, all CEFTA countries and Lithuania and Latvia have zero import tariffs on all protein meals per bilateral agreements.

Following is a list of tariffs for oilseed meals for CY 2003:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
2301.20	Fish meal	10	0	7	0
2304	Soybean meal	0	0	0	0
2305	Peanut meal	5	0	0	0
2306.10	Cotton seed meal	10	0	0	0
2306.20	Linseed meal	10	0	0	0
2306.30	Sunflower seed meal	0	0	0	0
2306.40	Rapeseed meal	10	0	0	0
2306.50	Coconut meal	10	0	0	0
2306.60	Palm meal	10	0	0	0
2306.90	Other (Olive, Corn, Sesame)	10	0	0	0

-Zero Tolerance Ragweed (*Ambrosia* spp.) Quarantine Barrier:

Ragweed, among other common weed seeds, is on the Polish quarantine list which severely restricts imports of low protein U.S. soybean meal. This restriction also complicates direct imports of high-protein U.S. soybean meal, because USDA is unable to certify that shipments will meet Polish requirements of being 100 percent free of ragweed seeds.

Although *Ambrosia* spp. is not considered a quarantine problem in the EU, the issue has been raised by Poland with the EU and the European Plant Protection Organization (EPPO). The Polish plant quarantine service has

been seeking EU approval to allow them to continue their zero tolerance policy following EU accession. The EU's decision is expected in spring 2003. It may tend to oppose Poland's request because of the presence of Ambrosia in such major European grain producers as France and Hungary. Separately, Poland's plant quarantine service requests that EPPO include Ambrosia spp. as an A-2 Quarantine Pest which means that the weed is known to occur in specific areas of Poland but is under official control by the Polish Plant Protection Service. EPPO has established a special technical working group (TWG) to review this issue and they may make their decision during the TWG's next meeting in Kiev in June 2003. Should it be added to EPPO's quarantine list, it may only be done so for planting seeds but not for commercial grain shipments.

Marketing

FAS Warsaw believes that U.S. soybeans are the raw materials of substantial quantities of soybean meal imported by Poland from EU crushing facilities. We estimate that U.S. soybeans valued at upwards of \$137 million were exported to the EU for crushing into soybean meal which was then exported by the EU to Poland in 2002.*

*(Following is method used to calculate the \$137 million figure:

Poland imported 1.46 million tons of soybean meal in 2002 of which 1.3 MMT was from the EU. If one assumes that the proportion of U.S. versus non-U.S. meal imports is roughly equivalent to the portion of U.S. versus non-U.S. soybeans imported by the EU (EU CY '99-'01 soybean imports from the U.S. accounted for an ave. 42.28 percent of total EU soybean imports based on U.N. trade data), then upwards of 509,474 tons of EU sourced soybean meal entering Poland (1.205 MMT X 42.28 percent) is made from U.S. soybeans. Consequently, assuming that 1.38 tons of high protein beans are needed to produce 1.0 ton of soybean meal then 657,098 MT of U.S. soybeans (509,474 tons X 1.38 tons high protein beans per 1 ton meal) are valued at an estimated approximate \$137 million (703,074 MT X \$195/ton ave. U.S. value of U.S. soybean exports to the EU in 2002 based on USDA/ERS FATUS data).

EU suppliers have a significant logistical advantage and are currently in the best position to supply smaller deliveries by truck, rail and small vessels by sea. Exporting soybean meal to this market by smaller modes of transportation significantly reduces the economic risk of rejection of a shipment due to Poland's zero tolerance ragweed (Ambrosia spp.) import restriction. For example, if one ragweed seed is found in a shipment, an entire shipment can be rejected, so if it is a 40,000 ton ocean vessel, this causes serious economic consequences. By contrast, if one truckload, small coastal vessel, or rail car is rejected, the logistical problems and costs of redirecting the shipment is much less. Consequently, traders are unwilling to take the risk of rejection of an entire ocean going vessel, so direct imports from the United States are impeded.

Total Oils

Soybean Oil PS&D Table

PSD Table						
Country	Poland					
Commodity	Oil, Soybean				(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2002		01/2003		01/2004
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	25	25	25	25	15	20
Production	0	0	0	0	0	0
MY Imports	125	140	115	140	0	140
MY Imp. from U.S.	5	6	5	6	0	5
MY Imp. from the EC	90	125	90	125	0	125
TOTAL SUPPLY	150	165	140	165	15	160
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	68	70	70	75	0	70
Food Use Dom. Consump.	57	70	55	70	0	70
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	125	140	125	145	0	140
Ending Stocks	25	25	15	20	0	20
TOTAL DISTRIBUTION	150	165	140	165	0	160
Calendar Year Imports	125	140	0	140	0	140
Calendar Yr Imp. U.S.	0	6	0	6	0	6
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Rapeseed Oil PS&D Table

PSD Table						
Country	Poland					
Commodity	Oil, Rapeseed				(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Crush	763	770	780	915	0	890
Extr. Rate, 999.9999	0.40367	0.4	0.410256	0.4	ERR	0.4
Beginning Stocks	21	21	20	20	20	40
Production	308	308	320	366	0	356
MY Imports	5	5	10	3	0	3
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	4	4	5	2	0	3
TOTAL SUPPLY	334	334	350	389	20	399
MY Exports	5	6	10	10	0	10
MY Exp. to the EC	2	2	2	2	0	2
Industrial Dom. Consum	219	218	225	239	0	259
Food Use Dom. Consump.	90	90	95	100	0	100
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	309	308	320	339	0	359
Ending Stocks	20	20	20	40	0	30
TOTAL DISTRIBUTION	334	334	350	389	0	399
Calendar Year Imports	5	5	10	3	0	3
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	5	3	10	10	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Polish vegetable oil production in MY 2003/04 is forecast to decline slightly (2.7%) from the current MY due to reduced crushing. Despite increased rapeseed imports, the forecast smaller crop will result in this year's reduced crushing and oil production. Current marketing year production estimates have been revised up due to larger crushing than originally expected, anticipated up 19 percent compared to the previous year at 366,000 tons. This resulted from strong industry efforts to utilize increased capacities. Vegetable oil production in Poland is almost exclusively based on domestically crushed rapeseed.

Since 1991, increased consumption of vegetable oils by Polish consumers made the oil industry one of the three most profitable sectors in Poland's food industry. However, the situation changed in 1997 when a lack of domestic oilseeds and higher seed prices resulted in smaller profits in 1988 and 1999. The situation has stabilized since then. In CY 2000 and 2001, the profitability of the oil industry slightly improved due to cheaper raw materials and a small increase in demand for vegetable oils. Because of increased margarine and oil prices, industry profitability rose, although there is still relatively low financial liquidity in the industry.

There are 5 major vegetable oil companies in Poland. All except one have their own crushing and processing facilities. The largest plants are now owned or controlled by foreign companies. Only the Warsaw Vegetable Oil Plant remains 100 percent state owned. Due to investor financial problems, two of the facilities are operating at limited capacities but are renting part of their facilities to others.

Crushers in Poland focus primarily on rapeseed to take advantage of the higher oil yield to produce vegetable oil for further processing into table/salad oil or margarine. Almost all large companies have their own crushing and processing operations. Protein meal is of secondary importance to the crushing industry.

Consumption

Vegetable oil consumption grew sharply in 1990-97 approaching average EU levels. Currently, vegetable oil consumption accounts for about 63 percent of total fats consumed, while butter consumption accounts for 15 percent and lard for 23 percent. Since 1998, growth in vegetable oil consumption is relatively small, related to changing consumption patterns and prices. It is estimated that in 2002 the average consumption level of vegetable oils was 18.7 kg per capita compared to 18.4 kg in 2001 and only 10.4 kg in 1992. Vegetable oil consumption is expected to again rise slightly in 2003.

Total edible vegetable oil production increased by two percent, up to 710,000 tons in CY 2002 and a similar increase up to 725,000 tons is forecast for CY 2003. Margarine production, which significantly increased in 2001 due to newly introduced margarine production for industrial use, is estimated to have slightly declined down to 480,000 tons in 2002. A 3 percent increase in "refined vegetable oils for sale" is estimated for 2002, up to 225,000 tons.

There has been growth in production and use of mixed fats. A number of vegetable oil processing plants as well as dairy plants are now offering butter with vegetable oils added.

Trade

Vegetable oil imports are forecast to remain strong in MY 2003/04 due to limited domestic vegetable oil production and a slight increase in domestic demand, of which soybean oil imports are forecast at around 140,000 tons.

Preliminary oil import data for CY 2002 shows an increase of soybean and palm oil imports but significant reduction of sunflower oil. Soybean oil imports were up 6 percent to 140,000 tons, significantly larger than previously anticipated due to competitive prices, limited domestic oil production and substitution for other imported oils. Sunflower oil imports declined significantly in CY 2001 and again in 2002, down to 16,000 tons from an annual average level to CY 2000 of 50,000 tons. Palm oil imports remain stable at a level somewhat below 60,000 tons. Rapeseed oil imports are relatively minor at around 3,000 tons.

In CY 2001 a record 9,270 tons of U.S. soybean oil was imported, although U.S. Census data records zero U.S. soybean oil exports to Poland. Soybean oil imports for CY 2002 are estimated at a reduced level of 6,000 tons although Jan-Oct. imports were at 4,000 tons. Such imports were most likely re-exported from the EU or is oil processed in the EU, possibly from U.S. soybeans, which is designated as U.S. soybean oil. Soybean oil is imported mainly from the EU, but significant amounts are imported from Argentina and smaller amounts are from Central European Free Trade Agreement (CEFTA) countries. The majority of soybean oil imports are from Germany, almost half of all imports.

Note: Figures in the Trade Matrix table are for calendar years (CY). CY 2001 is based on data from the Global Trade Atlas -WTA and 2002 trade data are only for January-October are from the same source.

Soybean Oil Import Table

Import Trade Matrix			
Country	Poland		
Commodity	Oil, Soybean		
Time period	Jan.-Dec.	Units:	metric tons
Imports for:	2001		2002
U.S.	9,270	U.S.	4,000
Others		Others	
Germany	57,672	Germany	52,599
Netherlands	24,901	Belgium	33,486
Argentina	11,934	Netherlands	10,013
Belgium	11,472	France	9,000
Romania	8,822	Argentina	6,667
France	3,174	Romania	1,443
Brazil	1,997	Denmark	66
Portugal	1,201	Ukraine	56
Ukraine	997	Switzerland	51
Yugoslavia	483	Lithuania	44
Total for Others	122,653		113,425
Others not Listed	201		17
Grand Total	132,124		117,442

Policy

The Polish government does not provide subsidies for oil production or processing. However, Poland's tariff policy provides some protection and encouragement for expansion of domestically produced products.

-TRQs Exist but Not Used Except for Rapeseed Oil:

Under Poland's WTO agreement, tariff-rate quotas for various imported vegetable oils and vegetable oil products were established. Currently, Poland is not utilizing tariff-rate quotas to restrict imports except for rapeseed oil, because actual tariffs are below their WTO TRQ tariff rate commitments. If it wants to, Poland could use its WTO agreed to tariff-rate quotas of 50,000 tons for soybean oil, 30,000 tons for sunflower seed oil and 20,000 ton quota for other oils (tariff headings 1510, 1514, 1515, 1517, 1518, and 1522).

Poland is making use of a 7,400 ton tariff-rate quota for non-refined all purpose rapeseed oil or refined rapeseed for technical use with an in-quota tariff of 35 percent under its 2003 tariff schedule. A tariff-rate quota for 600 tons of refined edible rapeseed oil is also in effect in 2003 with an in-quota tariff of 45 percent for bottled oil and 40 percent for bulk oil.

- Oil Import Duties:

For rapeseed oil and refined peanut, olive, refined palm, refined coconut and refined palm kernel oils, applied tariffs are at the maximum allowed levels permitted under Poland's WTO commitments. For all other oils applied tariffs are lower than the WTO bound levels.

Since 2001, duties on oil imports from CEFTA countries, Lithuania and Latvia are zero except for sunflower and rapeseed oils. Beside rapeseed oil, soybean oil, cottonseed oil, sunflower oil and crude linseed oil, all other oils imported from the EU enter duty free. However, the rate for EU crude linseed oil was reduced to 10 percent.

Following is a list of 2003 tariffs for oils:

Tariff No.	Description	MFN Countries	EU	Developing Countries	Least Dev. Countries
1504	Fish oil 1/, 2/	5-20	5-20	0	0
1507.10	Soybean oil, crude, 2/	10	10	10	10
1507.9010	Soybean oil, ref., not for food, 2/	30	30	30	30
1507.90901	Soybean oil, ref. bottled, 2/	40	40	40	40
1507.90909	Soybean oil, ref., other than in bot., 2/	30	30	30	30
1508.10	Peanut oil, crude, 2/	10	0	0-7	0
1508.90	Peanut oil, refined, 2	25	0	0-17.5	0
1509	Olive oil, 2/	15	0	10.5	0
1512.11	Sunflower oil, crude 3/	10	10	10	10
1512.19	Sunflower oil, ref. 4/	30-40	30-40	30-40	30-40
1512.21	Cotton seed oil, 2/	10-20	10-20	10-20	10-20
1514	Rapeseed oil 5/	86	86	86	86
1515.11/19	Linseed oil, 2/	20	0-10	10-20	0-20
1515.21/29	Corn oil., 2/	20	0	10-20	0-20

1/ these products have zero tariff if imported from some EFTA countries, zero or reduced tariff if imported from Faroe Islands;

2/ tariff reduced to zero for all CEFTA countries, Lithuania and Latvia;

3/ tariff is to 0 percent if imported from Hungary, Latvia, the Czech and Slovak Republics, Lithuania or

Romania;

4/ tariff is reduced to zero percent if imported from Lithuania and Latvia and reduced to 20 percent if imported from the Czech and Slovak Republics;

5/ tariff is zero if imported from Latvia, reduced to 10/20 (crude/refined) percent if imported from the Czech and Slovak Republics and to 15/20 (crude/refined) percent if imported from Hungary and for refined oil reduced to 20 if imported from Romania.

- Regardless Elimination of Market Protection Oil Industry is suppose to benefit on EU Accession

After likely entering the EU May 1, 2004, there will be significant tariff reductions on rapeseed oil and margarine. Tariffs for EU rapeseed oil will be eliminated from their current 86% and for EU margarine from the current 40%. The EU external tariffs are relatively low for oils, last year the average tariff for vegetable oils imported by the EU was 6.4%. By contrast, it is high in the case of margarine, 40%.

The vegetable oil processing industry in Poland is relatively modern as most of the investments occurred during the 90's with significant foreign capital. Most of the margarine and refined oil production is at a high world quality level and meets EU quality standards. It is believed that entering an open internal EU market will give the industry additional benefits in the form of new European market opportunities. This could stimulate production. It is expected that Polish prices will be competitive with current EU prices when there will be no tariffs. Foreign companies, which control over 75% of industrial capacity, will be able to use their distribution channels to target sales in neighboring EU countries.

Marketing:

The majority of soybean oil imports in CY 2001 and 2002 (ave. 75 percent) originated in the EU. As is the case with soybean meal, FAS Warsaw believes that an unknown portion of this was likely EU processed from U.S. soybeans imported by the EU. Please see "Total Oil Meals, Marketing" for our estimated quantity and value of U.S. soybeans needed to account for our estimated portion of Polish imports of EU soy meal that was derived from U.S. soybeans processed in the EU. We assume that the EU would have used the same beans to process an unknown portion of the oil imported by Poland from the EU.

The record 9,270 tons of U.S. soybean oil imports was officially recorded as imports from the United States. However, U.S. export statistics indicate direct soybean oil exports to Poland at zero. Consequently, much of these imports were likely re-exported from the EU or possibly from oil of U.S. soybeans processed in the EU. There is no tariff difference between soy oil imports from EU or United States.